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MAR 07 2003

UNITED STATES BANKRUPTCY COURT

FOR THE DISTRICT OF COLORADO

DIV. OF OIL, GAS & MINING

IN RE:

NORTH LILY MINING COMPANY, INC.,
a Utah corporation,
EIN: 87-0159350

Debtor.

Case No. 01-23068-EEB

Chapter 11

IN RE:

XERES TINTIC, LLC

EIN: 84-1528808

Debtor.

Bankruptcy No. 01-23069-EEB

Chapter 11

Jointly Administered Under

Bankruptcy No. 01-23068-EEB

Chapter 11

NOTICE PURSUANT TO LOCAL BANKRUPTCY RULE 202 OF
MODIFICATION OF PLAN

TO ALL PARTIES IN INTEREST:

NOTICE IS HEREBY GIVEN that the movant named below has applied to this Court or is intending to take action as follows:

The Debtors have Amended their Plan in the form of that attached hereto.

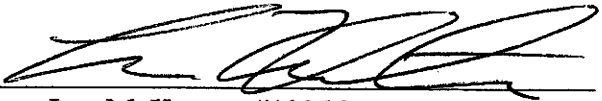
Pursuant to Rule 202 of the Local Rules of Bankruptcy Procedure, if you desire to oppose this action or change your vote previously cast in this case, you must file a written objection and request for a hearing with the Court on or before **MARCH 26, 2003**, and serve a copy thereof on the undersigned attorney. Objections and requests for hearing shall clearly specify the grounds upon which they are based, including the citation of supporting legal authority, if any. General objections will not be considered by the Court.

In the absence of a timely and substantiated objection and request for hearing by an interested party, the Court may approve or grant the aforementioned application without any further notice to creditors or other interested parties.

Dated: March 3, 2003.

Respectfully submitted,

By:



Lee M. Kutner, #10966

KUTNER MILLER KEARNS, P.C.
303 E. 17th Avenue
Suite 500
Denver, CO 80203
Telephone: (303) 832-2400
Facsimile: (303) 832-1510
Email: lmk@kutnerlaw.com

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MODIFICATION OF PLAN

The Debtor, by and through its attorneys, Kutner Miller Kearns, P.C., modifies its Plan pursuant to 11 U.S.C. § 1127 as follows:

1. The Debtor has pending before the Court its Second Amended Plan of Reorganization dated January 4, 2002 ("Plan").
2. The Plan was the subject of a confirmation hearing which was originally scheduled on January 16, 2003 and was continued to February 28, 2003. At the continued confirmation hearing, the Debtor informed the Court that it had located a new lender who was proposing a loan to enable the Plan to be confirmed and rendered feasible. The Debtor believes that the new loan will enable the Debtor to meet the terms of the Plan.

3. The new lender believes that the loan can be closed on or about March 15, 2003. The Court has continued the confirmation hearing to March 28, 2003 to enable the Debtor to implement the loan transaction and notify creditors of any proposed change to the Plan.

4. The Debtor does hereby modify the Plan to include a new paragraph 9.8 which shall read as follows:

9.8 - New Financing. The Debtor shall use its best efforts to obtain new funding from Quest Investment Corporation ("Quest"). The Debtor expects to obtain a loan in the amount of \$260,000 during the month of March, 2003 to enable the Debtor to meet the terms and obligations of the Plan. The loan may be structured as either a new loan to the Debtor or an acquisition of the existing loan and claim held by Avalanche Funding, LLC/The Standard Group. The terms of the Quest loan shall be substantially as follows:

- a) Principal amount: \$260,000;
- b) The loan shall mature and be due and payable on or before December 31, 2003;
- c) The loan will bear interest at a nominal annual rate of 12% per annum, compounded and payable monthly on the last business day of every month;
- d) As consideration for the advance of the loan the Debtor will pay Quest a non-refundable bonus of \$40,000, payable \$10,000 at closing, \$10,000 on May 31, 2003, \$10,000 on September 30, 2003 and \$10,000 on November 30, 2003;
- e) The loan will be used to pay or replace the existing loan due to Avalanche Funding, LLC approximately \$170,000, pay a bonus payment due Quest, pay legal fees of Quest's counsel not to exceed \$5,000, and the balance to pay administrative expenses and payments due unsecured creditors pursuant to the Debtor's Plan;
- f) The Quest loan shall be collateralized by all current and after acquired real and personal property in the form of a Deed of Trust, a mortgage, Assignment of Rents, Security Agreement and such similar documents as Quest may reasonably require;
- g) The loan shall close on or about March 15, 2003 or such mutually agreeable date and time as the parties may agree; and

- h) Contain such other conditions as are commercially reasonable to evidence the loan and its collateral position.

DATED: March 3, 2003

Respectfully submitted,

By:



Lee M. Kutner #10966

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Denver, CO 80203
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Facsimile: (303) 832-1510
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